

**Response to AG's
First Set of Information Requests**

**Blackstone Gas
DTE 01-50**

AG-1-1 Please provide a copy of each exhibit to be presented by the Company or any of its witnesses as it is prepared.

All exhibits have been submitted.

AG-1-3 Please provide copies of the prospectus and all other materials distributed in anticipation of the most recent issuance of debt by the Company.

No materials were distributed.

AG-1-4 Please provide a list or index, or any document which contains a list or index of the Company's periodic reports (i.e. monthly, quarterly) used internally.

There are none.

AG-1-5 Please provide the following information for the Company for each month of the years 1999 through the present:

- (1) the budgeted and actual monthly income statements;
- (2) a Statement of Cash Flows; and
- (3) the short-term debt balance, short-term interest expense and rate as well as a comparison of the short-term interest rate to the contemporaneous prime rate.

Blackstone does not maintain any monthly reports. All financial information is prepared on an annual basis.

AG-1-6 Please provide the following information for the Company:

- (1) the most recent five-year sales volume forecasts for each of its customer classes;
- (2) the most recent five-year financial forecast; and
- (3) the most recent projected financings for the next five years.

- (1) Demand forecast attached.
- (2) None exists
- (3) No such forecast has been made

AG-1-7 Please provide a five-year forecast of the Company's construction budget by account.

There are no construction budget forecasts.

AG-1-8 Please provide capital authorization and closing reports for all projects begun or finished since 1995 of \$1,000 or more in magnitude.

There is no process for capital authorization and no closing reports.

AG-1-9 Please provide a breakdown of all properties sold or transferred from the Company's books since January 1996. For each transaction, please provide a schedule indicating the date the property was sold or transferred, the sales price, the book value at the time of sale, the gain or loss recorded on the Company's books, whether the property sold was included in a rate case filing, and whether the sale or transfer was made to an affiliated company. For each property sold or transferred to an affiliated company, please provide the fair market value at the time of the sale or transfer and provide the workpapers in support of the calculation of the fair market value.

Nothing sold; recently retired 24 year old truck had no recoverable value.

AG-1-10 Please itemize and quantify all test year costs allocated or assigned to Plant Held For Future Use and Non-Utility Plant.

There were none.

AG-1-11 Please itemize and quantify all test year costs allocated or assigned to Construction Work In Progress.

There were none.

AG-1-12 Please provide the test year depreciation accrual rates and depreciation expense by plant account.

The following schedule provides the detailed depreciation information requested:

<u>Account</u>	<u>Book Rate</u>	<u>Depreciation Expense</u>
Structure	Var (1.7-10%)	297
Trans Equipmt	20%	17,243
Tools	14.29%	3,524
Furn & Fixtures	Var (10-20%)	3,840
Mains/Other	Var (1.7-6.7%)	<u>40,414</u>
		<u>65,318</u>

AG-1-13 Please itemize and quantify all depreciation, income tax, property tax, equity return, or interest costs included in the Company's Operations and Maintenance Expense Accounts.

None of these expenses are included in the Company's Operation & Maintenance Expense accounts. They are listed separately on page 10.

line 6	Depreciation Expense	30,137
line 10	Property Taxes	10,424 (Included in line 10 total of 30,137) (balance of 19,713 is payroll tax)
line 11	Income Tax	0
lines 12/13	Deferred Inc Tax Benef	(3,964)

AG-1-14 Please provide all written contracts between the Company and its affiliates. Provide a narrative description of any unwritten contracts between the Company and any affiliate, including all material terms.

There are no contracts between the Company the propane company. (called Sales and Service) The propane company has its own equipment and employees. The allocation of expense to the propane company is described in AG-1-15.

AG-1-15 Please itemize all expenses from the Company allocated to any of the Company's affiliates. In your response, please include the expense account description, account number, allocation formula, all workpapers, calculations, assumptions and basis for assumptions for each expense allocated.

Both Gas & Sales and Services operate as separate entities; however there are some shared expenses paid by Gas that are allocated/charged to Sales and Services on an annual basis. These allocations are based on percentage of sales and are applied consistently each year.

	Charged to <u>Sales&Services</u>
Rent	2,495
Electricity	1,332
Telephone	5,147
Accounting	5,437
Office Payroll	20,243
Outside Service Payrol	30,403
Payroll Taxes	4,479
Postage	<u>2,524</u>
Total	<u>72,060</u>

AG-1-16 Please itemize all expenses allocated or assigned to the Company from each of its affiliates. In your response, please include the expense account description, account number, allocation formula, all workpapers, calculations, assumptions and basis for assumptions for each expense allocated.

There are no expenses allocated to Gas from Sales and Services.

AG-1-17 Please itemize all rent revenue and all rent expense items incurred during the test year that were greater than \$1200.

Office rent \$631.90/month; yard rent \$750.00/ month

AG-1-18 Please provide the total revenues received from the rental of appliances. Please describe the types of appliances rented and whether the Company is treating such revenues above or below the line. In addition, describe the method of allocating expenses to the appliance rental program.

None.

AG-1-19 Please itemize and quantify all extraordinary income booked by the Company during the test year.

There are none.

AG-1-20 Please describe the types of new service offerings being developed by the Company. In responding to this question, please provide a detailed description of the new service being developed or being considered by the Company for future development. New services can be defined as any new product or service which will be provided by the Company and will be available to consumers for a fee or be made available to the public free of charge (e.g. equipment sales, rentals, or service; conservation an load management services; energy audits or advice).

None.

AG-1-22 Please provide a chart of accounts for the Company for the twelve-month periods ended 12/31/99 and 12/31/2000. Please include subaccounts, titles to the subaccounts, and balances of the subaccounts.

The Company reports according to accounts of the Annual Return to the DTE.

AG-1-23 Please itemize and quantify all Company employee bonuses and incentive compensation plan payments incurred during the test year.

The only bonuses paid in 2000 were Christmas bonuses paid in December, 2000.
The following is a schedule of the amounts paid by employee category:

Admin Salaries	1,025
Officer's Salary	620
Service/Maint Salaries	<u>1,390</u>
Total	<u>3,035</u>

AG-1-24 Please itemize and quantify for each Company management employee and officer the compensation and benefits including bonuses paid to each management employee and officer during the test year.

The annual salary of the president during the test year was \$76,113. The salary for the clerk was \$25,015. The salary for the treasurer was \$0. There are no other officers or management employees. All benefits to the officers are paid at the same level as other company employees. There were no bonuses paid during the test year.

AG-1-25 Please explain the corporate policy on Company employee and officer use of Company vehicles, noting the make, model, year, and original cost or annual lease expense of the Company vehicle used by each officer. Please also indicate whether any directors, officers or other employees of the Company have Company supplied chauffeurs and the test year costs of those chauffeurs.

Two employees who use company vehicles also take these home for personal use, since they are on call in case of emergency; Grace Wojcik has personal use of auto 35% of time, Company use 65%.

AG-1-26 Please provide for each Company officer and director of the corporation a complete copy of the record of expenses for which each was reimbursed by the Company since January 1, 1996. Please also provide a complete accounting of the services and goods (air travel, hotel accommodations, meals, etc.) that the Company provided directly to each such officer or director including an indication of the amount of each of those reimbursed expenses that was included in the test year cost of service.

No reimbursed expenses.

AG-1-27 Please provide the following for the test year and 1999 for each employee, officer, director, shareholder or investor of the Company applicable:

- (1) the amount(s) of all loans or forgiveness of debts provided by the Company to such individual;
- (2) the type(s) and cost(s) of all services provided by the Company to such individual; and
- (3) the type(s) and cost(s) of all products provided by the Company to such individual.

There were none.

AG-1-28 Please provide both the dollar amount and percent capitalized of the wages and salaries and of each of the employee benefits for the each of the last five years including the test year. Provide the same information for the test year.

The following schedule provides the information requested:

	<u>% Capitalized</u>	<u>Wages/Sal.</u>	Employee <u>Benefits</u>
2000	3.000%	7,218	1,450
1999	3.050%	7,244	1,366
1998	11.105%	25,055	4,198
1997	13.400%	26,343	4,881
1996	13.040%	23,245	3,986

AG-1-29 Please provide a ten-year history of wage and salary increases for each of the employee groups (e.g. union, clerical, management).

There are no employee groups.

AG-1-30 Please provide a copy of all employee wage contracts in effect during the test year and those signed since the test year.

There are no contracts.

AG-1-31 Please provide a timing schedule of the wage and salary increases for each employee group in each of the last five years (e.g. union, clerical, management).

Normally each employee receives an increase on the anniversary of their hiring date.

AG-1-32 Please provide the number of Company employees at the end of each month for the years 1996 through 2000 by employee group (e.g. union, clerical, management).

Total Employees by month

Month/ Year	1	2	3	4	5	6	7	8	9	10	11	12
1996	6	6	6	5	6	7	7	6	5	5	6	6
1997	7	7	7	7	7	7	7	7	7	7	7	7
1998	7	7	7	7	8	9	8	9	9	9	9	8
1999	8	8	8	9	9	9	8	8	8	8	8	8
2000	8	8	8	8	8	8	8	8	8	8	9	8

AG-1-33 Please provide the annual percentage of overtime hours worked compared to total hours worked for each of the last five calendar years. Please also provide the total expense associated with overtime wages and salaries incurred during the test year.

<u>Year</u>	<u>Percent</u>	<u>Amount (\$)</u>
1995	1%	4,067.03
1996	1%	2,655.78
1997	1%	4,800.27
1998	.3%	1,121.84
1999	.7%	2,545.07
2000	1%	5,175.15

AG-1-34 Please provide a breakdown of the test year expense, for all benefits available to employees. For each benefit, include a detailed description of the benefit and the conditions that each employee must meet to be entitled to the benefit.

Employees receive health and dental coverage after 6 months of employment; IRA after 12 months

AG-1-35 Please provide the average health care cost per employee incurred by the Company during the test year. Please also provide the average pro forma health care cost included in the Company's cost of service.

Average health care cost \$3,462.60 (\$27,700.8 divided by 8 employees). The only pro forma health care adjustment is an inflation adjustment of \$826.04 in total. The average adjustment per employees is \$103.26.

AG-1-36 Please provide a complete and detailed description of the methods that the Company is using to reduce its health care costs. Please include (but do not limit the description to) (1) the Company's provision of incentives for employees to use the least cost insurer and (2) the Company's efforts to increase employees monetary contribution to health care costs.

Last year the Company capped its contribution at \$920 per month per employee.

AG-1-37 Please provide an itemized list of all vehicles leased or purchased by the Company. For each vehicle, please provide the make, model, year, and rental charge or original book value.

The following schedule provides the information requested:

<u>Description</u>	<u>Owned/ Leased</u>	<u>Date Acq</u>	<u>Cost</u>
1999 Dodge Truck	Owned	8/10/99	17,656
1997 GMC Sierra	Owned	12/96	17,647
1977 International Dump Truck	Owned	1992	6,000
1977 Chevy Utility Truck	Owned 1995	700	
1978 GMC Dump Truck	Owned	1987	3,310
1997 Pontiac Bonneville	Leased	5/2/97	*n/a (4 yr lease of \$409 per month) * (FMV - 25,435)
Backhoe	Owned	8/98	50,915

Due to miscommunication between the Company and its accountant, the 1977 Chevy truck was not reported in transportation plant in the last return. It was fully depreciated at this time.

AG-1-38 Please provide an itemized list of all aircraft and watercraft leased or purchased by the Company. For each aircraft and watercraft, please provide the make, model, year, rental charge and original book value.

None.

AG-1-39 Please provide an itemized list of all food, beverage, entertainment, and travel costs included in the test year cost of service in excess of \$50. Please also provide for each item, the date, location, number of employees attending, number of non-employees attending, and the nature of the event.

Christmas party expense \$583.44; summer picnic \$158.36.

AG-1-40 Please provide an itemized list of all membership fees expensed by the Company during the test year. Please provide for each membership the name and nature of the organization, and the expense amount included in the test year cost of service.
\$740.52 - NEGA

AG-1-41 Please itemize and quantify the test year costs included in Account 922 --
Administrative Expenses Transferred.

None.

AG-1-42 Please itemize and quantify all conservation and load management costs incurred by the Company during the test year. Please also provide a complete accounting of test year costs including an indication of the amounts of each activity's costs that are included in the test year cost of service.

None

AG-1-43 Please itemize and quantify all environmental cleanup costs incurred by the Company during the test year. Please also provide a complete accounting of test year costs including an indication of the amounts of each activity's costs that are included in the test year cost of service.

There were none.

AG-1-44 Please provide the amount of gas cost that is embedded in the Company's test year base rates. Please also provide the amount of gas cost that is embedded in the Company's pro forma base rates.

There are no gas costs embedded in base rates.

AG-1-45 Please provide the following information regarding the Company's insurance policies:

- (1) a breakdown of the insurance expenses recorded in the test year and, for each insurance expense, please provide a detailed explanation for any differences between the expense amounts included in the test year and the insurance premiums paid during the test year;
- (2) the invoices for the insurance premiums paid during the test year and, if the Company only pays a portion of the insurance expense, please provide a summary of each insurance invoice showing the total expense and the Company's allocated portion of the expense;
- (3) if any insurance expense (including premiums) recorded in the test year cost of service have been allocated or assigned to the Company from any affiliate, please indicate the amount allocated or assigned and the method of assignment and provide copies of all policies for which expenses are allocated or assigned; and
- (4) an itemization and quantification of any insurance proceeds (e.g. reimbursements, recoveries, refunds, distributions, adjustments) received by the Company during or since the test year, along with a complete and detailed description of the accounting treatment given those proceeds.

Copies attached.

AG-1-46 Please provide any insurance policies and test year expense relating to "key man" insurance where the Company or its affiliate is a beneficiary.

There are none.

AG-1-47 Please provide a complete and detailed description of each self-insurance procedure that the Company has in effect. For each, please provide (but do not limit the response to) the following information:

- (1) a description of the nature of the risks being insured;
- (2) a test year accounting of the self-insurance plan costs including the test year beginning and ending reserve balance and an itemization of the debits and the credits to the reserve during the test year as well as a five-year history of the debits and credits to that reserve; and
- (3) a complete and detailed description of the methodology used to determine the test year insurance expense including all calculation, formulas, assumptions, and workpapers.

There is no self insurance.

AG-1-48 Please provide copies of invoices for all lease type expenses paid during the test year. (If the Company only pays a portion of the total lease expense, please provide a summary of each lease invoice showing the total lease expense and the Company's allocated portion of the expense.) Please also indicate when each lease expires.

Lease on auto \$5,344,75 for 2000.

AG-1-49 Please provide a detailed breakdown of the Company's test year-end miscellaneous deferred debits. Please also indicate the amounts and the accounts that were charged when the deferred debits were credited.

Capitalized rate case expenses incurred in 1996: \$6,862. The deferred expenses are credited to account 425 - miscellaneous amortization.

AG-1-50 Please set forth the accounting information concerning all out-of-period book adjustments made to book entries for the calendar years 1999 and 2000.

We do not have any out-of-period book adjustments. All of our adjustments are booked to the appropriate time period that they relate to.

AG-1-51 Please provide a detailed breakdown of the Company's test-year end other deferred credits. Please also indicate the amounts and the accounts that were charged when the deferred credits were debited.

None

AG-1-52 Please itemize and quantify the costs of the Company's Outside Services Employed during the test year.

The following schedule provides the information requested:

	<u>Amount</u>
Legal Services	42,593
Rate Filings	14,219
Accounting	11,088
Other Misc Services	<u>14,857</u>
Total	<u>82,757</u>

AG-1-53 Please provide for each of the last three years the gross write-offs and recoveries for each customer class.

The following schedule provides the information requested for the total company:
In 2000, 40% of bad debt was residential and 60% was commercial. We do not currently have the data on the class split for previous years.

<u>Year</u>	<u>Bad Debt Expense</u>	<u>Recovery of Bad Debts</u>
2000	15,648	337
1999	5,066	2,012
1998	5,841	1,177
1997	12,116	2,251

AG-1-54 Please identify all test year uncollectible write-offs amounting individually to \$500 or more. Provide a comparison between the test year and the three previous years as to the sum of write-offs of this magnitude during each year.

The following schedule provides the information requested:

2000	5 customers over \$500 each	T = \$9,542
1999	0 customers over \$500 each	T = \$ 0
1998	1 customer over \$500 each	T = \$ 589
1997	4 customers over \$500 each	T = \$2,335

AG-1-55 Please provide a detailed description of the Company's accounting policy governing the write-off of accounts receivable during the test year and the previous two years.

Company's management and bookkeeping department reviews and analyses year-end receivable balances and determines likelihood of collection. From this analysis, a year-end bad debt schedule is prepared and presented to the accountant.

AG-1-56 Please provide a detailed description of the Company's method of accounting for unbilled revenues. Please also provide a complete and detailed description of the formula used to determine the amount of test-year end unbilled revenue.

There is no unbilled revenue accounting. Blackstone's policy is to read all meters at the end of the month, normally within the last 3 days of the month. As a result, any unbilled revenue would be minimal.

AG-1-57 Please itemize by account and amount all advertising and media-related costs included in the cost of service. Please also include a copy of each and every advertisement and the cost of each.

Total expense \$908.89.

AG-1-58 Please itemize the amounts of donations made to charitable organizations during the test year.

None.

AG-1-59 Please itemize the amounts of lobbying expenses included in the test year. For purposes of this request, use the Department's broad definition of lobbying activities (including broad support of legislative activities) (see, e.g., D.P.U. 1720, p. 75; D.P.U. 86-33-G, p. 101).

There were none.

AG-1-60 Please indicate the number of complaints received by the Company relating to service quality or billing during the test year and during the calendar years 1998 and 1999.

None.

AG-1-61 Please provide in list form the details of all judgments and/or settlements resulting from suits brought which involved Unitil and/or the Company as a defendant, which resulted in Unitil and/or the Company, during the test year, paying or agreeing to pay or being ordered to pay an amount in excess of \$1,000, including but not limited to the case name, the date filed, the date of settlement or the date of judgment and the amount Unitil and/or the Company was ordered or agreed to pay. Provide this information even if appeals are pending and note every instance of an appeal.

None.

AG-1-62 Please provide in list form the details of all warranty claims the Company has pending including but not limited to the amount being sought, the manufacturer, the date the claim was submitted, the specific item(s) under warranty and a copy of all communications between the Company and/or its legal counsel and the manufacturer and/or the insurer.

None pending.

AG-1-63 Please provide in list form the details of all legal suits presently pending in which the Company is a defendant including but not limited to the case name, the date of the filing of the case, the amount of relief sought, and the nature of the case.

A suit was filed by a customer alleging carbon monoxide poisoning from a leaky furnace. This is being handled by the insurance lawyer and has not gone to court.

AG-1-64 Please provide in list form the details of all legal suits presently pending which have been filed by the Company and/or which involve the Company.

See AG-1-63 response.

AG-1-65 Please provide in list form all fines and/or penalties paid or agreed to be paid in whole or in part by the Company during the test year including the nature of each such fine or penalty, the date assessed, and the entity assessing the Company. Provide this information even if appeals are pending and note every instance of an appeal.

None.

AG-1-66 Please provide by community, the Company's test year property taxes in cost of service, assessed valuation, and property tax rate.

See attached.

AG-1-67 Please provide the amount of tax abatements received by year for the last five years.
Please also provide the journal entries that were used to record each abatement.

None.

AG-1-68 Please set forth the total dollar amount of property tax abatements which would result should all of the Company's presently pending abatement requests be granted (Note: If an exact total cannot be supplied provide the Company's best estimate).

None.

AG-1-69 Please provide IRS and State Income Tax Forms for Unitil and/or the Company and its affiliates for the years 1996 and 2000. If the 2000 tax form is not prepared please provide the current best estimate of the Schedule M numbers for 2000.

See Attached.

AG-1-70 Please provide the derivation of all income tax rates used to derive the Company's (1) test year income taxes and (2) pro forma income taxes.

Included in filing.

AG-1-71 Please indicate whether the Company uses normalization accounting for all book/tax timing differences.

All book/tax timing differences are recorded based on actual amounts. These amounts have not been adjusted due to any outside variables.

**Response to AG's
First Set of Information Requests**

**Blackstone Gas
DTE 01-50**

AG-1-72 Please provide copies of all responses to Information Requests provided by the Company in this proceeding.

No other requests received.

.